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UNCLAS SECTION 01 OF 02 KHARTOUM 001200

DEPT FOR AF/SPG, A/S FRAZER, SE WILLIAMSON  
NSC FOR BPITTMAN AND HUDSON  
ADDIS ABABA FOR USAU  
DEPT PLS PASS USAID FOR AFR/SUDAN

SENSITIVE  
SIPDIS

E.O. 12958: N/A  
TAGS: [ASEC](#) [PGOV](#) [PREL](#) [KPKO](#) [SOCI](#) [AU](#) [UNSC](#) [SU](#)  
SUBJECT: THE RISING COST OF LIVING IN KHARTOUM

REF: A) KHARTOUM 294  
B) KHARTOUM 109

11. (SBU) Summary: An informal survey conducted by Embassy staff showed that the cost of living in Khartoum has increased drastically over the past several months. While Sudan is certainly not immune to international commodity pricing pressures, the high cost of food staples has been compounded by various local taxes and tariffs on imports. Wages have not kept pace, and as a result the Sudanese Workers Trade Union Federation has submitted two memorandums to the Presidency and the Ministry of Finance and National Economy urging the government to intervene to balance the high cost of living by increasing wages. Failure to act on the part of the government could increase the strain on households and heighten tensions. However, observers are skeptical about the receptiveness of the NCP to the plight of the masses, despite Sudan's past history of popular unrest over rising food prices. End Summary.

#### RISING FOOD PRICES

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12. (SBU) An Embassy staff survey of commodity prices in the Khartoum metropolitan revealed that prices have increased dramatically between February 2008 and July 2008. Merchants reported the following price increases, some of which are as high as 100%:

#### Food:

- Mutton has increased from SDG 12 to SDG 16 per kilo;
- Beef has increased from SDG 8 to SDG 14 per kilo;
- Chicken has from SDG 8 to SDG 14 per kilo;
- Fish has increased from SDG 21 to SDG 28 per kilo;
- Lentils have increased from SDG 120 to SDG 170 per sack (20kg);
- Rice has increased from SDG 100 to SDG 160 per sack (20kg);
- Sugar has increased from SDG 100 to SDG 110 per sack (50kg);
- Sorghum has increased from SDG 84 to SDG 168 per sack (90kg);
- Powdered milk has increased from SDG 160 to SDG 220 per carton (40kg);

#### Fresh Fruits and vegetables:

- Potatoes have increased from SDG 2 to SDG 4 per kilo;
- Onions have increased from SDG 45 to SDG 90 per sack and merchants expect to reach SDG 200 during RAMADAN (Muslim fasting month);
- Tomatoes have increased from SDG 4 to SDG 10 per kilo;
- Grapefruit has increased from SDG 5 to SDG 10 per dozen;

(Note: As a result of the security situation in Darfur -i.e. the difficulty of transporting food into the region due to rampant banditry --the price of sorghum has increased by almost 100% in Darfur and Kordofan states. Some merchants in Kutum, north Darfur and El-Nhoud, west Kordofan told Econoff that they expect increased hunger if the rainy season doesn't arrive until August. End Note.)

## RISING HOUSING AND CONSTRUCTION PRICES

12. (SBU) Merchants reported the following price increases in housing and construction:

### Construction:

- Cement has increased from SDG 500 to SDG 1000 per metric ton (five times its price in Egypt);
- Iron-bar has increased from SDG 1700 to SDG 2500 per metric ton;
- Bricks have increased from SDG 400 to SDG 500 per truck load (4,000 bricks);

### Housing and Utilities:

- Housing rents have increased by 100% from SDG 300 to SDG 600 per month for a house with two rooms in third class residential areas;
- Garbage tax has increased by 100 from SDG 16 to SDG 32 per month;
- Additionally the cost of household supplies has increased, including: soap, laundry detergent, insect-killer spray and dishwashing liquid.

## POVERTY AND INEQUALITY

13. (SBU) Econoff spoke with several observers about the rising prices and their social implications. Hassan Hillal, Member of Parliament from the DUP, acknowledged that "people are suffering" and that rising prices all over Sudan have resulted in "extreme poverty, even here in Khartoum." He noted that the minimum wage of

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300 SDG per month (\$150 US) remains woefully inadequate. Abdullatif Ali Ibrahim, a businessman engaged in construction, observed that despite generally strong economic indicators, extreme inequality remains a problem and poverty is increasing at an alarming rate. He offered anecdotal evidence of the proliferation of beggars and squatters not seen previously in Khartoum, as well as a rise in low-level corruption, indicating that even those in government employ are struggling to make ends meet from the rising cost of living.

## EXPECT LITTLE RELIEF FROM NCP

14. (SBU) Despite a legacy in Sudan of popular unrest over rising food prices leading to regime change, observers we spoke with expected little action by the regime. Elijah Malok Aleng Mayen, the Deputy Governor of the Central Bank of Sudan (and President of the Bank of Southern Sudan) asserted that the regime is too well entrenched politically to be influenced by the plight of the masses, and as a result is unlikely to take any action despite the upcoming elections. The rising prices will become a political issue "only when it is raised by the people" in protest, he said. And despite the suffering, he predicted that no one will protest, because "only the government can send people to the streets." Another former CBOS official wryly observed that "in 19 years no one has protested. Why should they start now?" In order to survive, according to Mr. Ibrahim, people will continue to rely on the traditional Sudanese social safety net in times of crisis, namely, friends and extended family.

15. (SBU) Comment: As in many other parts of the world, rising prices and growing shortages of food have heightened tensions as people struggle to make ends meet. Sudan's increasing susceptibility to "Dutch Disease," with an over-emphasis on investment in the oil sector and competition for scarce resources driving up the prices of all other goods and services, is likely an additional contributing factor to the rapid price increases and cost of living especially in Khartoum. Whereas governments elsewhere have to deal with potential demonstrators and angry voters, the NCP is somewhat insulated from these threats as a result of its deep entrenchment and formidable security apparatus, which prevents open displays of protest and dissent. However there were small protests in August 2007, when

several hundred people took to the streets to complain about prices. These protests reportedly resulted in several injuries when police shot into the crowd. Nevertheless, the Deputy Governor of the Central Bank is correct that there have been no serious protests (thanks to the regime's effective security measures,) and therefore the only option left to citizens is to voice their displeasure at the ballot box in 2009, should elections be held as planned. The SPLM has signaled its intention to use economic issues as a political wedge against the NCP. SPLM Deputy SG Yassir Arman spoke out on July 30 about rising prices affecting Khartoum's urban poor. Such a discourse is bound to increase if the SPLM challenges rather than supports the NCP in 2009.

FERNANDEZ